

**Town of Concord
Finance Committee
Guidelines Subcommittee
Meeting Minutes - November 8, 2018**

Present: Dean Banfield, Grace Hanson, John Hickling, Mary Hartman, Karle Packard, Christine Reynolds, June Rzepczynski, Scott Randall, Phil Swain, Thomas Tarpey and Andrea Zall

Absent: Peter Fischelis, Richard Jamison and Brian Taylor (one vacancy)

Others Present: Town Manager Chris Whelan; Budget & Purchasing Director Jon Harris; School Committee Member Robert Grom; Finance Director Kerry Lafleur; Recording Secretary Anita Tekle

Meeting Opened

Mr. Banfield called the meeting to order at 7:00 pm in the Select Board's Meeting Room at the Town House. He noted that the meeting was not being recorded.

Town Departments –FY20 Budget

Town Manager Whelan was present to discuss his revised FY20 budget request. He thanked the Finance Committee (FC) for the \$1 million (4.13%) preliminary guideline. He summarized his revised requests, as follows:

Item	Requested	Necessary	Needed	Unfunded	Comments
Town Manager & HR - Receptionist/Clerk	\$40,000		\$26,000		To handle high traffic for TM & HR
Resource Sustainability	\$52,000	\$41,000			Some FY19 funds remaining from 2017 Town Mtg appropriation, to make up difference (miscalculated).
Facilities Management—New HVAC technician	\$95,000			\$95,000	\$150K being spent now for contractors, from repair funds of building accounts. These building budgets will be used to fund the new posn.
Parks & Playgrounds <ul style="list-style-type: none"> • 2 new park maintenance • White Pond Operations 	\$100,000 \$20,000		\$100,000 \$20,000		Maintain White, Gerow & Emerson; will move to conservation & trail maintenance in winter months Supplement User Fees
Legal Services Suppl.	\$25,000			\$25,000	Will get by on current \$250,000
Planning & Land Management <ul style="list-style-type: none"> • Local Transportation 	\$34,800			\$34,800	Deferred

<ul style="list-style-type: none"> Planner Land Manager Asst 	\$57,000			\$57,000	Covered by Park Maintenance staff
<ul style="list-style-type: none"> Town Clerk Municipal Archivist 	\$65,000			\$65,000	Will re-appropriate existing library funds—savings from library reorganization
<ul style="list-style-type: none"> Information Tech It position for Library 	\$58,000	\$72,000			In IT Dept., with focus on library workload & needs. \$72K revised # based on position classification.

Item	Requested	Necessary	Needed	Unfunded	Comments
Police Department • School Resource Officer • 2 new Police Ofcrs	\$15,000 \$115,000	\$10,000		\$115,000	Stabilization Fund (\$50K) & Community Chest (\$15K) will be used to fund SRO. Deferred
Fire Department • 4 new FF for 2 nd ambulance • 4 promotions to Lieutenant	\$89,131 \$40,000		\$89,131	\$40,000	Stabilization Fund will be used to fund the balance (\$229,240) Deferred
Library • 1 new PT custodial maint supervisor • 1 new social media/IT trainer	\$30,000			\$30,000	Deferred \$57,000 to come from other sources
Senior Services • Sr Services Support Staff • Add'l Van Expenses	\$40,000 \$10,000	\$40,000 \$10,000			Soc. Svcs. Coord. Promoted Gas & Repairs for Purchased Van
Capital Outlay • Planned Increase	\$75,000	\$75,000			Maintain Capital Infrastructure
Salary Reserve Fund • Union & Non-Union Increases	\$1,027,000	\$950,000			Decrease non-union request from 3% to 2.5%; Police settled. Consistent with area public employers.
Total	\$1,987,931	\$1,198,000	\$235,131	\$461,800	
Increase from FY19	8.27%	4.98%	0.98%		
Cumulative Increase		4.98%	5.96%		

In discussing the proposed new HVAC technician position, Mr. Whelan expressed confidence that savings would result with an in-house HVAC position, rather than using contractors. Some funds will be needed for supplies, but there will be more reliable service with in-house capability. He expects to see a decrease in the building accounts to reflect this re-allocation of funds. In response to a question, Mr. Whelan indicated that when savings are experienced, any excess funds are returned to the General Fund. Ms. Lafleur clarified that the bulk of the HVAC appropriation is budgeted in the Town's operating capital budget (policy requirement of 2-3%/year), so moving some of the appropriation to fund the HVAC position would not reduce this requirement. Mr. Whelan indicated that the maintenance of school facilities is not included in the Town budget. Under the Town Charter, the Town Manager is responsible for all Town buildings, and only assumes responsibility for maintaining school buildings upon the request of the School Committee (SC).

In discussing the proposed addition of four firefighters, Mr. Whelan explained that \$229,240 will be taken from the MEWS Stabilization Fund in FY20. An additional General Fund appropriation of \$90K will be made in each of the next three years. This appropriation includes salaries + equipment, but not benefits. Mr. Whelan summarized the requested new positions as follows:

- 1 HVAC position (funding move from capital to operating)
- 2 Park Maintenance Staff
- 1 IT Position in Library
- Municipal Archivist (funding from Library position savings)
- 4 new Firefighters (some funding from Stabilization Fund)
- 1 School Resource Officer (approved at STM Oct 2018)
- COA additional hours for support staff

Mr. Whelan noted that the Select Board (SB) will discuss the proposed budget at its November 19 meeting. Mr. Whelan and Mr. Harris left the meeting at this point.

Items Outside Guidelines Process and Their Impacts on Tax Increases

Ms. Hartman asked how the guidelines process dovetails with the non-guidelines budget items, including those items that are proposed at Town Meeting that are not included in the budget discussion. She expressed the hope that once the FC has a better understanding of what is coming up at Town Meeting, that the FC take a position on each item. She was concerned about the cumulative impact of all of these items, and with the FC's permission agreed to do some additional research to bring some ideas back to the FC.

Ms. Lafleur discussed the items that have historically been included in the non-guidelines portion of the budget. She noted that some items are challenging to predict, such as land acquisitions and excluded debt projects. Mr. Randall suggested that "non-discretionary" may be a more appropriate title for these items. Ms. Rzepczynski remarked that many residents are financially stressed to live in Concord, and are considered "housing burdened"—i.e., spending a high percentage of income on housing. In looking at the chart comparing the CPI increases and property tax increases, Ms. Hanson commented that these continue to pull further apart due mostly to wage increases. Mr. Hickling noted that when the fiscal sustainability working group looked at the "peer group" tax increases last year, Concord's tax rate was not out of line—the whole group was growing. Concord's tax rate per thousand could be lower than peers due to the increased property values.

Mr. Randall commented that we don't see savings or reduced budgets when technology changes. He used as an example the savings that should have resulted from library staff no longer checking out books (patrons now can check out their own books). There is an increase in service levels, and now we need more technical and IT staff to provide

those services. We never see lower appropriations. As another example, Mr. Randall noted that we are really looking at a request of \$350K/year to add four new firefighters, even though the increase is being presented incrementally over a few years (using the Stabilization Fund for the difference). The increased costs are “baked into” the budget, and never come out. While each individual request may seem reasonable, the bottom line of the increase is challenging. He suggested that the FC is not in a position to judge the merit of any individual item, and as an alternative the FC could consider just allocating a fixed number to the Town and School Department, and leave it up to them to decide how to divvy it up. When raises of 2.5% are given to employees, then there is no room for growth elsewhere in the budget. He noted that the School Department (CPS) is looking at salary increases this year of 8% + a COLA. There is also the likelihood that Town Meeting can be stacked to support the School budgets, ignoring the FC guidelines.

Mr. Packard suggested that the FC’s responsibility is to set the financial tone for the Town, which may need to include a meeting with the SB and SC. The current budget trends are not sustainable. Mr. Hickling noted that it is hard to determine at what level the tax rate is burdening taxpayers. Ms. Rzepczynski also noted that we are narrowing the pool of those able to move to and live in Concord. Many leave Concord once their children have graduated from the schools, so the families are not remaining through the “lifecycle” of years when they are paying taxes and not sending children to the schools. Mr. Banfield noted that Concord also has a high number of students attending private schools, in addition to the high number of households that have no children of school age.

Ms. Zall arrived at this point in the meeting. Mr. Hickling suggested that perhaps the FC is overthinking the process. Perhaps a 10-year guardrail should be considered, tied to the 10-year Treasury notes, as suggested by Mr. Jamison at the 10/25 meeting. Mr. Swain suggested that the guideline level be set prior to the FC seeing the budgets—come up with a fixed number or percentage, indicating that “this is what the taxpayers can afford to pay,” asking that the budget entities come up with a budget based on the funding that is available. Mr. Tarpey noted that the 5-year “rolling average” offers a smoothing effect with fewer highs and lows. If we were to provide this as a guideline, then the entities know in advance what the numbers will be, and the FC avoids getting involved in the weeds. Ms. Hartman noted the value in the Town/Schools having to defend what they want—value in their having to explain the proposals that impact the budget. Mr. Randall noted that the FC does not have any view into the other side of the budget in terms of corresponding savings when new proposals are made. He suggested that the FC consider pushing back to the Town/Schools, requiring them to prioritize the budget needs. This would leave the FC out of the details. Ms. Hartman emphasized that the role of the FC is to represent the taxpayers in the budget process.

Mr. Tarpey noted that the FC can come up with the guardrail principle, project tax increases five years out, and develop guidelines, but the Town and Schools will still come back with the list of needs that exceed the guidelines. After discussion and pushback, a recommendation is made to Town Meeting. Are there metrics available from ClearGov in terms of staffing levels required for communities with similar populations? Ms. Hanson suggested that the FC require performance measures as part of the FC's budget recommendation. Ms. Rzepczynski noted that under the Charter, the Town Manager is responsible for the maintenance of all town buildings; the FC's responsibility is only to make a recommendation to Town Meeting on the financing of what is being proposed. Mr. Packard noted that there is a lot of town-wide support for a guardrail, which came out at the public hearing held last year. Mr. Tarpey agreed that a buy-in from both the SB and SC is essential. Ms. Rzepczynski emphasized the need for a group effort, noting that it is disheartening when budget numbers come in so far outside the guidelines. Ms. Hartman felt that there is enough information available to support the FC's position in the Randall curve data, and this should be sufficient to make a compelling case to the SB and SC. Ms. Reynolds noted that the budget numbers are not anywhere near the numbers in the Randall curve. Mr. Randall suggested that the FC consider putting forth a warrant article asking the Town to endorse the concept of a "guardrail" for budget increases, which would give more teeth to the FC's policy.

The following **MOTION** was made by Mr. Swain and seconded by Mr. Hickling:

To ask Mr. Tarpey and/or Mr. Banfield to try to get on the agenda for the upcoming Select Board (11/19) and School Committee (11/13) meetings, for the purpose of delivering the message that the Finance Committee plans to establish a budget guardrail, requesting feedback from both groups, with the understanding that the FC will put forth a specific number by December 2018.

During the discussion, Ms. Hartman felt that the argument would be more compelling if a real number was put before the SB and SC at these meetings.

Mr. Tarpey offered the following amendment to Mr. Swain's motion, which was seconded by Mr. Packard:

That either simultaneous to or preceding the Finance Committee's meeting with the Select Board or Select Board, and prior to establishing the final guideline, the Finance Committee establish a "sustainable growth rate" (SGR—the number that is sustainable on a long-term basis). Once the SGR is established, the Finance Committee would be better prepared to meet with the Select Board and School Committee to request their buy-in.

During the discussion of the amendment, several members felt that it was too late in the budget process to try to establish the SGR prior to meeting with the SB and SC. Ms. Rzepczynski felt that having the SGR established would provide the Town Manager and SC with a strong talking point for collective bargaining. Mr. Swain felt that the FC needs input from the SB and SC prior to establishing the SGR. Mr. Tarpey suggested that the FC could make these comments during the “public comment” section of the agenda of the SC, since its agenda has already been set for next Tuesday’s meeting. Mr. Banfield suggested that one of the comments made should be along the lines of “it’s alarming to us in seeing the preliminary budget numbers, that they are so out of whack with our preliminary guidelines.”

A **VOTE** was taken on Mr. Tarpey’s amendment, which **FAILED TO PASS** (no votes in support). A **VOTE** was then taken on Mr. Swain’s original motion, which **UNANIMOUSLY PASSED** . It was suggested that a request be made to be on the agenda for the SB meeting, and to bring the matter up under “citizen comments” for the SC meeting.

Follow-Up: Mr. Tarpey and/or Mr. Banfield will attend the November 13 SC meeting and ask to be on the agenda for the November 19 SB meeting in order to discuss the FC’s guardrail proposal.

Committee Questions/Comments

Ms. Hartman noted that she had attended the recent SB meeting at which the Affordable Housing Funding Committee made its presentation. While all the options being proposed would make more affordable housing available, many of the recommendations would further burden other taxpayers. The FC was not included in this discussion, but she felt that the FC should be more involved going forward, due to the significant financial impact. She noted that any proposal that is adopted by Town Meeting will be outside of the guidelines. Ms. Hartman suggested that the Affordable Housing Funding Committee be invited to attend a FC meeting, so that the FC can be better informed, and be in parallel with the information being provided to the SB. It was noted that the FC only meets once in December. Mr. Tarpey agreed to invite the Affordable Housing Funding Committee to the December FC meeting, as a brief agenda item. Mr. Banfield noted that the FC will also be able to listen to the presentation made at the public hearing prior to Town Meeting.

Mr. Banfield urged all FC members who are listed as SC observers to attend the November 13 SC meeting. The school budgets will be presented to the SC at this meeting.

Mr. Tarpey noted that when new budget proposals are presented to the FC, such as the proposed four new firefighters, that the full cost implications of the proposal be presented. He noted that salary costs are always exclusive of benefits, which can be an

additional 30-35%. If a cost is ongoing, then the long-term costs should be shown, in the interest of full transparency. The FC members **AGREED** that this will be the practice going forward.

Mr. Tarpey commented that the Financial Sustainability Working Group had sought information on the number of Town/School employees living in Concord. Ms. Lafleur noted that these numbers were tracked until 5-10 years ago, but had not been tracked recently. The information is readily available, and she agreed to follow up on this request.

Follow-Up: Ms. Lafleur agreed to request information about the current residency of Town and School employees, and track this information going forward. If past information is readily available, then she will request that as well.

Citizen Questions

Ms. Zall reported receipt of an email from Andrew Marquis asking the FC to urge the CMLP and Verizon to approve the installation of wiring conduits while the drainage and streets are being redone on the Alcott Road/Independence Road Ridge. It was agreed that the FC does not get involved in operational matters, and this issue does not come under the FC's jurisdiction.

Adjournment

The meeting adjourned at 9:00 pm.

Respectfully submitted,

Anita S. Tekle
Recording Secretary

Documents Used or Referenced at Meeting:

- Town's Manager's Revised FY20 Budget Requests, chart & detailed explanations (dated 11.8.2018)
- Email correspondence from resident Andrew Marquis to Andrea Zall (dated 11.6.2018)